DEC 5 1980

Public Law 96-471
96th Congress

An Act

To amend the Internal Revenue Code of 1954 to revise the rules relating to certain installment sales.

Oct. 19, 1980
[H.R. 6883]

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

Installment Sales Revision Act of 1980.

SECTION 1. SHORT TITLE; AMENDMENT OF 1954 CODE.

26 USC 1 note.

(a) SHORT TITLE.—This Act may be cited as the "Installment Sales Revision Act of 1980".

(b) AMENDMENT OF 1954 CODE.—Except as otherwise expressly provided, whenever in this Act an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of the Internal Revenue Code of 1954.

26 USC 1.

SEC. 2. INSTALLMENT SALES RULES.

(a) GENERAL RULE.—Subpart B of part II of subchapter E of chapter 1 is amended by striking out section 453 and inserting in lieu thereof the following new sections:

"SEC. 453. INSTALLMENT METHOD.

26 USC 453.

"(a) GENERAL RULE.—Except as otherwise provided in this section, income from an installment sale shall be taken into account for purposes of this title under the installment method.

"(b) INSTALLMENT SALE DEFINED.—For purposes of this section—

"Installment sale."

"(1) IN GENERAL.—The term 'installment sale' means a disposition of property where at least 1 payment is to be received after the close of the taxable year in which the disposition occurs.

"(2) EXCEPTIONS.—The term 'installment sale' does not include—

"(A) DEALER DISPOSITION OF PERSONAL PROPERTY.—A disposition of personal property on the installment plan by a person who regularly sells or otherwise disposes of personal property on the installment plan.

"(B) INVENTORIES OF PERSONAL PROPERTY.—A disposition of personal property of a kind which is required to be included in the inventory of the taxpayer if on hand at the close of the taxable year.

"(c) INSTALLMENT METHOD DEFINED.—For purposes of this section, the term 'installment method' means a method under which the income recognized for any taxable year from a disposition is that proportion of the payments received in that year which the gross profit (realized or to be realized when payment is completed) bears to the total contract price.

"Installment method."

"(d) ELECTION OUT.—

"(1) IN GENERAL.—Subsection (a) shall not apply to any disposition if the taxpayer elects to have subsection (a) not apply to such disposition.

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"(2) TIME AND MANNER FOR MAKING ELECTION.—Except as otherwise provided by regulations, an election under paragraph (1) with respect to a disposition may be made only on or before the due date prescribed by law (including extensions) for filing the taxpayer's return of the tax imposed by this chapter for the taxable year in which the disposition occurs. Such an election shall be made in the manner prescribed by regulations.

"(3) ELECTION REVOCABLE ONLY WITH CONSENT.—An election under paragraph (1) with respect to any disposition may be revoked only with the consent of the Secretary.

"(e) SECOND DISPOSITIONS BY RELATED PERSONS.—

"(1) IN GENERAL.—If—

"(A) any person disposes of property to a related person (hereinafter in this subsection referred to as the 'first disposition'), and

"(B) before the person making the first disposition receives all payments with respect to such disposition, the related person disposes of the property (hereinafter in this subsection referred to as the 'second disposition'),

then, for purposes of this section, the amount realized with respect to such second disposition shall be treated as received at the time of the second disposition by the person making the first disposition.

"(2) 2-YEAR CUTOFF FOR PROPERTY OTHER THAN MARKETABLE SECURITIES.—

"(A) IN GENERAL.—Except in the case of marketable securities, paragraph (1) shall apply only if the date of the second disposition is not more than 2 years after the date of the first disposition.

"(B) SUBSTANTIAL DIMINISHING OF RISK OF OWNERSHIP.—The running of the 2-year period set forth in subparagraph (A) shall be suspended with respect to any property for any period during which the related person's risk of loss with respect to the property is substantially diminished by—

"(i) the holding of a put with respect to such property (or similar property),

"(ii) the holding by another person of a right to acquire the property, or

"(iii) a short sale or any other transaction.

"(3) LIMITATION ON AMOUNT TREATED AS RECEIVED.—The amount treated for any taxable year as received by the person making the first disposition by reason of paragraph (1) shall not exceed the excess of—

"(A) the lesser of—

"(i) the total amount realized with respect to any second disposition of the property occurring before the close of the taxable year, or

"(ii) the total contract price for the first disposition, over

"(B) the sum of—

"(i) the aggregate amount of payments received with respect to the first disposition before the close of such year, plus

"(ii) the aggregate amount treated as received with respect to the first disposition for prior taxable years by reason of this subsection.

"(4) FAIR MARKET VALUE WHERE DISPOSITION IS NOT SALE OR EXCHANGE.—For purposes of this subsection, if the second dispo-

sition is not a sale or exchange, an amount equal to the fair market value of the property disposed of shall be substituted for the amount realized.

"(5) LATER PAYMENTS TREATED AS RECEIPT OF TAX PAID AMOUNTS.—If paragraph (1) applies for any taxable year, payments received in subsequent taxable years by the person making the first disposition shall not be treated as the receipt of payments with respect to the first disposition to the extent that the aggregate of such payments does not exceed the amount treated as received by reason of paragraph (1).

"(6) EXCEPTION FOR CERTAIN DISPOSITIONS.—For purposes of this subsection—

"(A) REACQUISITIONS OF STOCK BY ISSUING CORPORATION NOT TREATED AS FIRST DISPOSITIONS.—Any sale or exchange of stock to the issuing corporation shall not be treated as a first disposition.

"(B) INVOLUNTARY CONVERSIONS NOT TREATED AS SECOND DISPOSITIONS.—A compulsory or involuntary conversion (within the meaning of section 1033) and any transfer thereafter shall not be treated as a second disposition if the first disposition occurred before the threat or imminence of the conversion. 26 USC 1033.

"(C) DISPOSITIONS AFTER DEATH.—Any transfer after the earlier of—

"(i) the death of the person making the first disposition, or

"(ii) the death of the person acquiring the property in the first disposition,

and any transfer thereafter shall not be treated as a second disposition.

"(7) EXCEPTION WHERE TAX AVOIDANCE NOT A PRINCIPAL PURPOSE.—This subsection shall not apply to a second disposition (and any transfer thereafter) if it is established to the satisfaction of the Secretary that neither the first disposition nor the second disposition had as one of its principal purposes the avoidance of Federal income tax.

"(8) EXTENSION OF STATUTE OF LIMITATIONS.—The period for assessing a deficiency with respect to a first disposition (to the extent such deficiency is attributable to the application of this subsection) shall not expire before the day which is 2 years after the date on which the person making the first disposition furnishes (in such manner as the Secretary may by regulations prescribe) a notice that there was a second disposition of the property to which this subsection may have applied. Such deficiency may be assessed notwithstanding the provisions of any law or rule of law which would otherwise prevent such assessment.

"(f) DEFINITIONS AND SPECIAL RULES.—For purposes of this section—

"(1) RELATED PERSON.—Except for purposes of subsections (g) and (h), the term 'related person' means a person whose stock would be attributed under section 318(a) (other than paragraph (4) thereof) to the person first disposing of the property. 26 USC 318.

"(2) MARKETABLE SECURITIES.—The term 'marketable securities' means any security for which, as of the date of the disposition, there was a market on an established securities market or otherwise.

"(3) PAYMENT.—Except as provided in paragraph (4), the term 'payment' does not include the receipt of evidences of indebtedness of the person acquiring the property (whether or not payment of such indebtedness is guaranteed by another person).

"(4) PURCHASER EVIDENCES OF INDEBTEDNESS PAYABLE ON DEMAND OR READILY TRADABLE.—Receipt of a bond or other evidence of indebtedness which—

"(A) is payable on demand, or

"(B) is issued by a corporation or a government or political subdivision thereof and is readily tradable,

shall be treated as receipt of payment.

"(5) READILY TRADABLE DEFINED.—For purposes of paragraph (4), the term 'readily tradable' means a bond or other evidence of indebtedness which is issued—

"(A) with interest coupons attached or in registered form (other than one in registered form which the taxpayer establishes will not be readily tradable in an established securities market), or

"(B) in any other form designed to render such bond or other evidence of indebtedness readily tradable in an established securities market.

"(6) LIKE-KIND EXCHANGES.—In the case of any exchange described in section 1031(b)— 26 USC 1031.

"(A) the total contract price shall be reduced to take into account the amount of any property permitted to be received in such exchange without recognition of gain,

"(B) the gross profit from such exchange shall be reduced to take into account any amount not recognized by reason of section 1031(b), and

"(C) the term 'payment' shall not include any property permitted to be received in such exchange without recognition of gain.

Similar rules shall apply in the case of an exchange which is described in section 356(a) and is not treated as a dividend. 26 USC 356.

"(7) DEPRECIABLE PROPERTY.—The term 'depreciable property' means property of a character which (in the hands of the transferee) is subject to the allowance for depreciation provided in section 167. 26 USC 167.

"(g) SALE OF DEPRECIABLE PROPERTY TO SPOUSE OR 80-PERCENT OWNED ENTITY.—

"(1) IN GENERAL.—In the case of an installment sale of depreciable property between related persons within the meaning of section 1239(b), subsection (a) shall not apply, and, for purposes of this title, all payments to be received shall be deemed received in the year of the disposition. *Post*, p. 2255.

"(2) EXCEPTION WHERE TAX AVOIDANCE NOT A PRINCIPAL PURPOSE.—Paragraph (1) shall not apply if it is established to the satisfaction of the Secretary that the disposition did not have as one of its principal purposes the avoidance of Federal income tax.

"(h) USE OF INSTALLMENT METHOD BY SHAREHOLDERS IN SECTION 337 LIQUIDATIONS.— 26 USC 337.

"(1) RECEIPT OF OBLIGATIONS NOT TREATED AS RECEIPT OF PAYMENT.—

"(A) IN GENERAL.—If, in connection with a liquidation to which section 337 applies, in a transaction to which section 331 applies the shareholder receives (in exchange for the shareholder's stock) an installment obligation acquired in respect of a sale or exchange by the corporation during the 26 USC 331.

12-month period set forth in section 337(a), then, for purposes of this section, the receipt of payments under such obligation (but not the receipt of such obligation) by the shareholder shall be treated as the receipt of payment for the stock. 26 USC 337.

"(B) OBLIGATIONS ATTRIBUTABLE TO SALE OF INVENTORY MUST RESULT FROM BULK SALE.—Subparagraph (A) shall not apply to an installment obligation described in section 337(b)(1)(B) unless such obligation is also described in section 337(b)(2)(B).

"(C) SPECIAL RULE WHERE OBLIGOR AND SHAREHOLDER ARE RELATED PERSONS.—If the obligor of any installment obligation and the shareholder are related persons (within the meaning of section 1239(b)), to the extent such installment obligation is attributable to the disposition by the corporation of depreciable property— *Post*, p. 2255.

"(i) subparagraph (A) shall not apply to such obligation, and

"(ii) for purposes of this title, all payments to be received by the shareholder shall be deemed received in the year the shareholder receives the obligation.

"(D) COORDINATION WITH SUBSECTION (e)(1)(A).—For purposes of subsection (e)(1)(A), disposition of property by the corporation shall be treated also as disposition of such property by the shareholder.

"(E) SALES BY LIQUIDATING SUBSIDIARY.—For purposes of subparagraph (A), in any case to which section 337(c)(3) applies, an obligation acquired in respect of a sale or exchange by the selling corporation shall be treated as so acquired by the corporation distributing the obligation to the shareholder. 26 USC 337.

"(2) DISTRIBUTIONS RECEIVED IN MORE THAN 1 TAXABLE YEAR OF SHAREHOLDER.—If—

"(A) paragraph (1) applies with respect to any installment obligation received by a shareholder from a corporation, and

"(B) by reason of the liquidation such shareholder receives property in more than 1 taxable year,

then, on completion of the liquidation, basis previously allocated to property so received shall be reallocated for all such taxable years so that the shareholder's basis in the stock of the corporation is properly allocated among all property received by such shareholder in such liquidation.

"(i) REGULATIONS.—

"(1) IN GENERAL.—The Secretary shall prescribe such regulations as may be necessary or appropriate to carry out the provisions of this section.

"(2) SELLING PRICE NOT READILY ASCERTAINABLE.—The regulations prescribed under paragraph (1) shall include regulations providing for ratable basis recovery in transactions where the gross profit or the total contract price (or both) cannot be readily ascertained.

"SEC. 453A. INSTALLMENT METHOD FOR DEALERS IN PERSONAL PROPERTY. 26 USC 453A.

"(a) GENERAL RULE.—

"(1) IN GENERAL.—Under regulations prescribed by the Secretary, a person who regularly sells or otherwise disposes of personal property on the installment plan may return as income

therefrom in any taxable year that proportion of the installment payments actually received in that year which the gross profit, realized or to be realized when payment is completed, bears to the total contract price.

"(2) TOTAL CONTRACT PRICE.—For purposes of paragraph (1), the total contract price of all sales of personal property on the installment plan includes the amount of carrying charges or interest which is determined with respect to such sales and is added on the books of account of the seller to the established cash selling price of such property. This paragraph shall not apply with respect to sales of personal property under a revolving credit type plan.

"(b) CARRYING CHARGES NOT INCLUDED IN TOTAL CONTRACT PRICE.—If the carrying charges or interest with respect to sales of personal property, the income from which is returned under subsection (a)(1), is not included in the total contract price, payments received with respect to such sales shall be treated as applying first against such carrying charges or interest.

26 USC 453B. "SEC. 453B. GAIN OR LOSS DISPOSITION OF INSTALLMENT OBLIGATIONS.

"(a) GENERAL RULE.—If an installment obligation is satisfied at other than its face value or distributed, transmitted, sold, or otherwise disposed of, gain or loss shall result to the extent of the difference between the basis of the obligation and—

"(1) the amount realized, in the case of satisfaction at other than face value or a sale or exchange, or

"(2) the fair market value of the obligation at the time of distribution, transmission, or disposition, in the case of the distribution, transmission, or disposition otherwise than by sale or exchange.

any gain or loss so resulting shall be considered as resulting from the sale or exchange of the property in respect of which the installment obligation was received.

"(b) BASIS OF OBLIGATION.—The basis of an installment obligation shall be the excess of the face value of the obligation over an amount equal to the income which would be returnable were the obligation satisfied in full.

"(c) SPECIAL RULE FOR TRANSMISSION AT DEATH.—Except as pro- 26 USC 691.
vided in section 691 (relating to recipients of income in respect of decedents), this section shall not apply to the transmission of installment obligations at death.

"(d) EFFECT OF DISTRIBUTION IN CERTAIN LIQUIDATIONS.—

26 USC 332. "(1) LIQUIDATIONS TO WHICH SECTION 332 APPLIES.—If—

"(A) an installment obligation is distributed in a liquidation to which section 332 (relating to complete liquidations of subsidiaries) applies, and

"(B) the basis of such obligation in the hands of the 26 USC 334.
distributee is determined under section 334(b)(1),

then no gain or loss with respect to the distribution of such obligation shall be recognized by the distributing corporation.

26 USC 337. "(2) LIQUIDATIONS TO WHICH SECTION 337 APPLIES.—If—

"(A) an installment obligation is distributed by a corporation in the course of a liquidation, and

"(B) under section 337 (relating to gain or loss on sales or exchanges in connection with certain liquidations) no gain or loss would have been recognized to the corporation if the

corporation had sold or exchanged such installment obligation on the day of such distribution,

then no gain or loss shall be recognized to such corporation by reason of such distribution. The preceding sentence shall not apply to the extent that under paragraph (1) gain to the distributing corporation would be considered as gain to which section 341(f), 617(d)(1), 1245(a), 1250(a), 1251(c), 1252(a), or 1254(a) applies. 26 USC 341, 617, 1245, 1250-1252, 1254.

"(e) LIFE INSURANCE COMPANIES.—

"(1) IN GENERAL.—In the case of a disposition of an installment obligation by any person other than a life insurance company (as defined in section 801(a)) to such an insurance company or to a partnership of which such an insurance company is a partner, no provision of this subtitle providing for the nonrecognition of gain shall apply with respect to any gain resulting under subsection (a). If a corporation which is a life insurance company for the taxable year was (for the preceding taxable year) a corporation which was not a life insurance company, such corporation shall, for purposes of this subsection and subsection (a), be treated as having transferred to a life insurance company, on the last day of the preceding taxable year, all installment obligations which it held on such last day. A partnership of which a life insurance company becomes a partner shall, for purposes of this subsection and subsection (a), be treated as having transferred to a life insurance company, on the last day of the preceding taxable year of such partnership, all installment obligations which it holds at the time such insurance company becomes a partner. 26 USC 801.

"(2) SPECIAL RULE WHERE LIFE INSURANCE COMPANY ELECTS TO TREAT INCOME AS INVESTMENT INCOME.—Paragraph (1) shall not apply to any transfer or deemed transfer of an installment obligation if the life insurance company elects (at such time and in such manner as the Secretary may by regulations prescribe) to determine its life insurance company taxable income—

"(A) by returning the income on such installment obligation under the installment method prescribed in section 453, and *Ante*, p. 2247.

"(B) if such income would not otherwise be returnable as an item referred to in section 804(b) or as long-term capital gain, as if the income on such obligations were income specified in section 804(b). 26 USC 804.

"(f) OBLIGATION BECOMES UNENFORCEABLE.—For purposes of this section, if any installment obligation is canceled or otherwise becomes unenforceable—

"(1) the obligation shall be treated as if it were disposed of in a transaction other than a sale or exchange, and

"(2) if the obligor and obligee are related persons (within the meaning of section 453(f)(1)), the fair market value of the obligation shall be treated as not less than its face amount.". *Ante*, p. 2247.

(b) TECHNICAL AMENDMENTS.—

(1) Section 311(a) and section 336 (as in effect on the day before the date of the enactment of the Crude Oil Windfall Profit Tax Act of 1980) are each amended by striking out "section 453(d)" and inserting in lieu thereof "section 453B". 26 USC 311, 336. *Ante*, p. 2252.

(2) Paragraph (8) of section 381(c) is amended— 26 USC 381.

(A) by striking out "has elected, under section 453, to report on the installment basis" and inserting in lieu thereof "reports on the installment basis under section 453 or 453A", and *Ante*, pp. 2247, 2251.

(B) by striking out "for purposes of section 453" and inserting in lieu thereof "for purposes of section 453 or 453A".

Ante, p. 2247.

Ante, p. 2251.

(3) Subsection (d) of section 481 is hereby repealed.

26 USC 481.

(4) Subsection (f) of section 644 is amended by striking out "elects to report income under section 453" and inserting in lieu thereof "reports income under section 453".

26 USC 644.

(5) Paragraph (4) of section 691(a) is amended—

26 USC 691.

(A) by striking out "received by a decedent on the sale or other disposition of property, the income from which was properly reportable by the decedent on the installment basis under section 453" and inserting in lieu thereof "reportable by the decedent on the installment method under section 453 or 453A", and

(B) by striking out "section 453(d)" each place it appears and inserting in lieu thereof "section 453B".

Ante, p. 2252.

(6) Paragraph (2) of section 1255(b) is amended by striking out "453(d)(4)(B)" and inserting in lieu thereof "453B(d)(2)".

26 USC 1255.

(c) CONFORMING AMENDMENTS.—

(1) Subsection (a) of section 336 (as amended by the Crude Oil Windfall Profit Tax Act of 1980) is amended by striking out "section 453(d)" and inserting in lieu thereof "section 453B".

26 USC 336.

Ante, p. 304.

(2) Paragraph (3) of section 337(f) is amended by striking out "section 453(d)(1)" and inserting in lieu thereof "section 453B(a)".

26 USC 337.

(3) Paragraph (2) of section 453B(d) is amended by adding at the end thereof the following new sentence: "In the case of any installment obligation which would have met the requirements of subparagraphs (A) and (B) of the first sentence of this paragraph but for section 337(f), gain shall be recognized to such corporation by reason of such distribution only to the extent gain would have been recognized under section 337(f) if such corporation had sold or exchanged such installment obligation on the date of such distribution.".

Ante, p. 2252.

(4) Subparagraph (B) of section 403(b)(2) of the Crude Oil Windfall Profit Tax Act of 1980 is hereby repealed.

Ante, p. 305.

(d) CLERICAL AMENDMENT.—The table of sections for such subpart B is amended by striking out the item relating to section 453 and inserting in lieu thereof the following:

"Sec. 453. Installment method.
"Sec. 453A. Installment method for dealers in personal property.
"Sec. 453B. Gain or loss on disposition of installment obligations.".

26 USC 691.

SEC. 3. COORDINATION WITH SECTION 691.

Subsection (a) of section 691 (relating to income in respect of a decedent) is amended by adding at the end thereof the following new paragraph:

"(5) OTHER RULES RELATING TO INSTALLMENT OBLIGATIONS.—

"(A) IN GENERAL.—In the case of an installment obligation reportable by the decedent on the installment method under section 453 or 453A, for purposes of paragraph (2)—

Ante, pp. 2247, 2251.

"(i) the second sentence of paragraph (2) shall be applied by inserting '(other than the obligor)' after 'or a transfer to a person',

"(ii) any cancellation of such an obligation shall be treated as a transfer, and

"(iii) any cancellation of such an obligation occurring at the death of the decedent shall be treated as a transfer by the estate of the decedent (or, if held by a

person other than the decedent before the death of the decedent, by such person).

"(B) FACE AMOUNT TREATED AS FAIR MARKET VALUE IN CERTAIN CASES.—In any case to which the first sentence of paragraph (2) applies by reason of subparagraph (A), if the decedent and the obligor were related persons (within the meaning of section 453(f)(1)), the fair market value of the installment obligation shall be treated as not less than its face amount. *Ante*, p. 2247.

"(C) CANCELLATION INCLUDES BECOMING UNENFORCEABLE.—For purposes of subparagraph (A), an installment obligation which becomes unenforceable shall be treated as if it were canceled.".

SEC. 4. AMENDMENT OF SECTION 1038. 26 USC 1038.

Section 1038 (relating to certain reacquisitions of real property) is amended by adding at the end thereof the following new subsection:

"(g) ACQUISITION BY ESTATE, ETC., OF SELLER.—Under regulations prescribed by the Secretary, if an installment obligation is indebtedness to the seller which is described in subsection (a), and if such obligation is, in the hands of the taxpayer, an obligation with respect to which section 691(a)(4)(B) applies, then— 26 USC 691.

"(1) for purposes of subsection (a), acquisition of real property by the taxpayer shall be treated as reacquisition by the seller, and

"(2) the basis of the real property acquired by the taxpayer shall be increased by an amount equal to the deduction under section 691(c) which would (but for this subsection) have been allowable to the taxpayer with respect to the gain on the exchange of the obligation for the real property."

SEC. 5. COORDINATION WITH SECTION 1239. Definitions. 26 USC 1239.

Subsections (b) and (c) of section 1239 (defining related persons) are amended to read as follows:

"(b) RELATED PERSONS.—For purposes of subsection (a), the term 'related persons' means—

"(1) the taxpayer and the taxpayer's spouse,

"(2) the taxpayer and an 80-percent owned entity, or

"(3) two 80-percent owned entities.

"(c) 80-PERCENT OWNED ENTITY DEFINED.—

"(1) GENERAL RULE.—For purposes of this section, the term '80-percent owned entity' means—

"(A) a corporation 80 percent or more in value of the outstanding stock of which is owned (directly or indirectly) by or for the taxpayer, and

"(B) a partnership 80 percent or more of the capital interest or profits interest in which is owned (directly or indirectly) by or for the taxpayer.

"(2) CONSTRUCTIVE OWNERSHIP.—For purposes of subparagraphs (A) and (B) of paragraph (1), the principles of section 318 shall apply, except that— 26 USC 318.

"(A) the members of an individual's family shall consist only of such individual and such individual's spouse, and

"(B) paragraphs (2)(C) and (3)(C) of section 318(a) shall be applied without regard to the 50-percent limitation contained therein.".

SEC. 6. EFFECTIVE DATES.

26 USC 453 note.

(a) FOR SECTIONS 2 AND 5.—

(1) IN GENERAL.—Except as otherwise provided in this subsection, the amendments made by sections 2 and 5 shall apply to dispositions made after the date of the enactment of this Act in taxable years ending after such date.

Ante, p. 2247.

(2) FOR SECTION 453(e).—Section 453(e) of the Internal Revenue Code of 1954 (as amended by section 2) shall apply to first dispositions made after May 14, 1980.

(3) FOR SECTION 453(h).—Paragraphs (1) and (2) of section 453(h) of such Code (as amended by section 2) shall apply in the case of distributions of installment obligations after March 31, 1980.

Ante, p. 2251.

(4) FOR SECTION 453A.—Section 453A of the Internal Revenue Code of 1954 (as amended by section 2) shall apply to taxable years ending after the date of enactment of this Act.

Ante, p. 2252.

(5) FOR SECTION 453B(f).—Section 453B(f) of the Internal Revenue Code of 1954 (as amended by section 2) shall apply to installment obligations becoming unenforceable after the date of the enactment of this Act.

(6) FOR SECTION 2(c).—The amendments made by section 2(c) shall take effect as if included in the amendments made by section 403(b) of the Crude Oil Windfall Profit Tax Act of 1980.

Ante, p. 394.

(7) SPECIAL RULE FOR APPLICATION OF FORMER SECTION 453 TO CERTAIN DISPOSITIONS.—In the case of any disposition made on or before the date of the enactment of this Act in any taxable year ending after such date, the provisions of section 453(b) of the Internal Revenue Code of 1954, as in effect before such date, shall be applied with respect to such disposition without regard to—

Ante, p. 2247.

(A) paragraph (2) of such section 453(b), and

(B) any requirement that more than 1 payment be received.

26 USC 691 note.

(b) FOR SECTION 3.—The amendment made by section 3 shall apply in the case of decedents dying after the date of the enactment of this Act.

26 USC 1038 note.

(c) FOR SECTION 4.—The amendment made by section 4 shall apply to acquisitions of real property by the taxpayer after the date of the enactment of this Act.

Approved October 19, 1980.

LEGISLATIVE HISTORY:

HOUSE REPORT No. 96-1042 (Comm. on Ways and Means).
SENATE REPORT No. 96-1000 (Comm. on Finance).
CONGRESSIONAL RECORD, Vol. 126 (1980):
June 17, considered and passed House.
Oct. 1, considered and passed Senate, amended.
Oct. 2, House concurred in Senate amendments.
WEEKLY COMPILATION OF PRESIDENTIAL DOCUMENTS, Vol. 16, No. 43:
Oct. 20, Presidential statement.

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